GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:5599
ANSWERED ON:24.04.2001
PRODUCTION OF FERTILIZER
AMBATI BRAHMANAIAH

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government have restricted the production of fertilizer to hundred percent of the reassessed capacity;

(b) if so, the reasons therefor;

(c) whether all the big urea producers have faced losses due to such rules;

(d) if so, the steps proposed to be taken by the Government to review such reductions; and

(e) the time-frame fixed for such a review?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA)

(a) & (b) Urea is the only fertilizer under price and distribution control of Government of India and its production is covered under Retention Price- cum-Subsidy Scheme (RPS)In view of the prevailing demand-supply scenario in the country, urea production has been restricted to 100% of reassessed capacity utilization by the urea manufacturers units. However, no such restriction has been imposed on production of decontrolled fertilizers.

(c) to (e) Under RPS, 12% post-tax return on networth is provided at theassessed level of production ranging from 80% to 90% depending upon the vintage and feedstocks of urea units. So, the decision to restrict production at 100% of reassessed capacity utilization level per se cannot be attributed to losses to urea manufacturers. Besides, urea manufacturers are permitted to produce beyond 100% reassessed capacity for sale to complex manufacturers or export without entitlement to subsidy under RPS.This decision has helped the country to meet the urea requirement indigenously while enabling urea manufacturers to optimize their production as per market requirement.